GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1060
ANSWERED ON:13.07.2009
FDI TARGET
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government has fixed any target for Foreign Direct Investment (FDI) in the country;

(b) whether the said target is being achieved;

(c) if so, the details thereof during the last three years, sector-wise, if not the reasons therefor; and

(d) the steps taken to attract more such FDI in infrastructure sector?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY(SHRI JYOTIRADITYA M. SCINDIA)

(a) to (c): Foreign Direct Investment (FDI) has a potential of enhancing economic activity and employment in the country by complementing and supplementing domestic investment. The Government has continuously promoted FDI by liberal and investor-friendly policy regime, focussed investment promotion and investor facilitation. Foreign Direct Investment (FDI) equity inflows in the country have increased from USS 5.5 billion in 2005-06 to USS 27.31 billion in the year 2008-09. The FDI equity inflows in 2007-08 were US S 24.58 billion and increased to US $ 27.31 billion in 2008-09, despite the economic slowdown, showing a percentage growth of 11% over the previous financial year. No target has been fixed for the current financial year.

A statement giving the sector-wise Foreign Direct Investment (FDI) equity inflows during the last three years, including infrastructure sector, is at Annex.

(d): Government has put in place a liberal and investor-friendly policy on FDI under which FDI up to 100% is permitted on the automatic route in most sectors/ activities, including infrastructure and Research and Development (R&D). The UNCTAD World Investment Reports (WLR) 2007 & 2008, in their analysis of the global trends and sustained growth of Foreign Direct Investment (FDI) inflows, have reported India as the second most attractive location for FDI for 2007- 2009. India has retained the second place in A. T. Kearney`s 2007 Foreign Direct Investment Confidence Index, a position it has held since 2005. Government has also announced a slew of measures to accelerate the demand in the economy which would enable India to continue as an attractive investment destination. Under the liberalized economic environment, investment decisions of investors are based on the macro-economic policy framework, investment climate in the state, investment policies of the transnational corporations and other commercial considerations.

The Government of India continues to make efforts to increase economic cooperation with the developing as well as developed countries through different fora such as Joint Commissions/Joint Committees, other bilateral channels like interaction with the delegations visiting the country and organizing visits abroad for discussions on issues of mutual interest and business/ investment meets between Indian and foreign entrepreneurs to stimulate foreign investment into India. The Department of industrial Policy and Promotion also participates in discussions covering industrial cooperation organized by other Ministries and Departments of Government of India and the Joint Business Council meetings.

The Government of India also undertakes investment promotion activities through organisation of Destination India and Invest India events in various countries with FDI potential to create awareness about the investment climate and opportunities in India, as well as to provide support to potential investors.

The Government of India, in partnership with various State Government and Business Associations, is making concerted efforts to make regulations conducive for business. In addition, the Government has initiated to implement e-Biz Project, a Mission Mode Project under the National e-Governance Project, to provide online registration, filing payment services to investors and business houses.